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TWO MEN PLEAD GUILTY, THIRD MAN CHARGED IN ONGOING PROBE OF TOMATO PRODUCTS INDUSTRY

***Former Managers of Kraft Foods and Frito-Lay Among Those Charged with Honest Services
Mail Fraud for Accepting Bribes Sent on Behalf of SK Foods***

SACRAMENTO, Calif.—Acting United States Attorney Lawrence G. Brown announced today that ROBERT L. WATSON, 59, of White Plains, N.Y., and ANTHONY RAY MANUEL, 57, of Turlock, Calif., pleaded guilty this morning before United States District Judge Lawrence K. Karlton in connection with an ongoing federal investigation into various illicit activities in the tomato processing industry. WATSON pleaded guilty to two counts of honest services mail fraud in connection with a kickback scheme. MANUEL pleaded guilty to two counts of wire fraud and to subscribing to a false tax return in connection with an embezzlement scheme. A third individual, JAMES RICHARD WAHL, JR., 58, of Dallas, Texas, has been charged with, and has agreed to plead guilty to, honest services mail fraud. He is expected to appear before Judge Karlton to enter his guilty plea in the near future. WAHL and MANUEL have further agreed to cooperate in the government's continuing investigation.

These cases are the product of a joint investigation by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigation, and the United States Department of Justice's Antitrust Division.

According to Assistant United States Attorneys Benjamin B. Wagner, Sean C. Flynn and Anne E. Pings, who are prosecuting the cases together with Richard Cohen and Barbara Nelson of the San Francisco Field Office of the Antitrust Division, WATSON served as a senior purchasing manager for Kraft Foods, Inc., working out of the company's Northfield, Ill. headquarters. In court documents filed today, WATSON admitted to receiving \$158,000 in personal bribe payments from Randall Lee Rahal, a sales broker and Director of SK Foods, L.P., a California-based grower and processor of tomato products and other food products for sale to various food product manufacturers, food service distributors and marketers, and retail outlets nationwide. Rahal pleaded guilty to participating in racketeering, price fixing, bid rigging, and contract allocation conspiracies, among other charges, in U.S. District Court in Sacramento on December 16, 2008. In return for the bribes paid on behalf of SK Foods, WATSON admitted to depriving Kraft of its right to WATSON's honest services by accepting the secret payments and ensuring that Kraft purchased processed tomato and other food products from SK Foods rather than from certain of SK Foods' competitors. In return for the bribes, WATSON further provided

SK Foods with information that allowed it to secure contracts with Kraft for the sale of approximately 230 million pounds of processed tomato product at elevated prices between 2004 and 2008.

JAMES WAHL, formerly Senior Group Manager for Ingredients Purchasing for Texas-based Frito-Lay, Inc., was charged with similar conduct in a two-count felony information filed yesterday in federal court in Sacramento. WAHL has agreed to plead guilty to receiving approximately \$160,000 in personal bribes from Rahal on behalf of SK Foods between 1998 and 2008. In court documents filed today, WAHL admitted to depriving Frito-Lay of its right to his honest services by steering contracts for processed tomato and other food products to SK Foods rather than industry competitors in return for the bribes. WAHL also admitted to providing SK Foods with proprietary and other information that allowed SK Foods to charge Frito-Lay inflated prices for certain food products.

In the related case, ANTHONY RAY MANUEL pleaded guilty this morning to personally embezzling approximately \$975,000 from his former employer, Morning Star Packing Company, a manufacturer and marketer of bulk tomato products with facilities in Los Banos and Williams, Calif. MANUEL left Morning Star to work for SK Foods in 2005. He was terminated yesterday. MANUEL also admitted in court documents filed today to defrauding the Internal Revenue Service of approximately \$300,000 by filing false tax returns in 2003 and 2004 that failed to disclose the embezzled funds.

“Persons who engage in corrupt or fraudulent behavior in the tomato products industry must be held accountable,” said Acting U.S. Attorney Brown. “This investigation will continue.”

Sentencing for WATSON and MANUEL is scheduled for May 5, 2009. The maximum statutory penalty on the honest services mail fraud and wire fraud charges is 20 years in prison, while the false tax return charge against MANUEL carries a three-year maximum sentence. The actual sentence for each defendant, however, will be determined at the discretion of the court, after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

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